

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 USIE-00 ACDA-19 EB-11 COME-00

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USCINCEUR VAIHINGEN GER

AMEMB PARIS

NSE/NSSG BRUSSELS

C O N F I D E N T I A L USNATO 4899

E.O. 11652: GDS: 12-31-79

TAGS: NATO, XG, ETRN

SUBJECT: AGENDA FOR CENTRAL EUROPE PIPELINE POLICY COMMITTEE(CEPPC)

MEETING, 18-19 OCT 73

DEFENSE FOR OASD/I&L, MR. NOLAN AND COMPT MR. UMBARGER; JCS FOR J-4
PETROLEUM; USCINCEUR FOR J-4 JPO; AMEMB PARIS FOR MR. HUMPRIES;
NSE/NSSG FOR MR. MINER.

REF: USNATO A-129

SUMMARY. CEPPC AGENDA INCLUDES ITEMS ON PROPOSED TARIFF INCREASES,
THIRD SUPPLEMENTARY BUDGET, CENTRAL EUROPE PIPELINE SYSTEM (CEPS)
1972 ANNUAL REPORT, AND A RESTRICTED SESSION ON REPLACEMENT OF
CENTRAL
EUROPE OPERATING AGENCY (CEOA) GENERAL MANAGER. PROPOSED US POSITIONS
ARE FURNISHED. ACTION REQUESTED: APPROVAL OF OR FURTHER GUIDANCE
ON US POSITIONS PROPOSED FOR AGENDA ITEMS OUTLINED BELOW PRIOR TO
18 OCT. END SUMMARY.
CONFIDENTIAL

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1. MAIN AGENDA ITEMS AND PROPOSED US POSITIONS FOLLOW:

III. NON-NATO MOVEMENTS FROM HEHL AND KARLSRUHE (AC/120-D/824
AND AC/120-D/828)

REQUEST ADDITIONAL INFORMATION HAS BEEN PROVIDED (SEE REFTEL).
AGREEMENTS ARE WITHIN EXISTING GUIDELINES.

IV. SPECIAL CONDITIONS FOR CERTAIN ENTRIES OF MILITARY PRODUCTS
BY REFINERY (AC/120-D/833).

DOCUMENT PROPOSES TO MAKE ADDITIONAL CHARGES TO COVER ADDITIONAL
EXPENSES FOR INPUTS WHICH REQUIRE MOVEMENT IN OPPOSITE DIRECTION
TO NORMAL PIPELINE FLOW AND FOR INPUTS AT A LOWER THROUGHPUT THAT
THAT REQUESTED BY THE CEPS. PROPOSE APPROVAL SINCE PAPER IS IN
ACCORDANCE WITH PREVIOUS GUIDANCE.

V. TARIFFS (AC/120-D/832).

CEOA RECOMMENDATION FOR TARIFF INCREASES OF 15 PERCENT FOR MILITARY
MOVEMENTS BEGINNING 1 JAN 74 AS WELL AS INCREASE IN STORAGE RATES
(2.50 TO 3.25 UNITS). RECOMMENDATION BASED ON ESTIMATED 15 PERCENT
INCREASE IN 1974 CEPS EXPENSES. PROPOSE APPROVAL SINCE RECOMMENDATION
IN LINE WITH EXISTING US POLICY TO HAVE INCREASED CEPS COSTS BORNE
BY USERS. ADDITIONALLY, PROPOSE TO PRESS THAT ALL NON-NATO MOVEMENTS
CONTRACTS WHICH ARE SUSCEPTIBLE TO RATE ADJUSTMENT HAVE A SIMILAR
OR GREATER RATE INCREASE TO ACHIEVE COMPATIBILITY WITH MILITARY
TARIFFS.

VII. THIRD SUPPLEMENTARY BUDGET (AC/120-D/831).

THIRDSUPPLEMENTARY BUDGET REQUESTS OVERALL UNBLOCKING OF

FF 9 MILLION OF CY 73 BUDGET AND ADDITIONAL CREDITS OF APPROXIMATELY
FF 4.4 MILLION. MAJOR ITEMS CONTAINED IN BUDGET REQUEST ARE:

A. LIFTING OF 7 PERCENT BLOCKING ON OPERATIONAL EXPENSES.

LIFTING OF BLOCKAGE ORIGINALLY MADE CONTINGENT UPON FINAL CONSID-
ERATION OF TAXES AND CUSTOM DUTIES BORNE BY CEPS. SINCE REPORT
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NOT YET MADE OR DISCUSSED, PROPOSE DISAPPROVAL OF ITEM. DISAPPROVAL
MAY HAVE TO BE RECONSIDERED IF CEOA INDICATES CEPS OPERATIONS WILL
BE CURTAILED BY CONTINUATION OF BLOCKING.

B. CEOA PERSONNEL COSTS. PROPOSE APPROVAL OF UNBLOCKING
OF FUNDS FOR COST-OF-LIVING INCREASE GRANTED 1 MAY 73 AS WELL AS
ADDITIONAL CREDITS FOR ANTICIPATED COST-OF-LIVING INCREASES TO BE
EFFECTIVE 1 JUL 73. (ADDITIONAL CREDITS WOULD BE BLOCKED PENDING
FINAL DECISION ON INCREASES.)

C. COSTS FOR REMOTE CONTROL AND DATA TRANSMISSION LINE.

WHEN CEPS TOOK OVER CERTAIN PIPELINE SECTIONS IN GERMANY, THEY DID
NOT BUDGET FOR COSTS FOR THE REMOTE CONTROL INSTALLATION SINCE

EFFORTS

WERE UNDERWAY TO HAVE CHARGES FINANCED OUT OF INFRASTRUCTURE OR NATIONAL FUNDS. CEOA HAS RECENTLY INFORMED THAT NEITHER OF THESE ALTERNATIVES IS POSSIBLE AND THEREFORE CHARGES MUST COME FROM CEOA BUDGET. PROPOSE APPROVAL SINCE COST IS PROPER EXPENSE IN PIPELINE OPERATION.

D. ADMINISTRATIVE EXPENSES-REGULARIZATION OF TRAPIL'S OVERHEAD FOR 1970 AND 1971. (NOTE: TRAPIL-FRENCH ORGANIZATION WHICH DIRECTS OPERATION OF FRENCH PART OF CEPS) PROPOSE DISAPPROVAL SINCE ACTION ON THIS ITEM AWAITS THE RESULTS OF A SPECIAL REPORT NOW DUE IN NOVEMBER ON THE LATEST NATO AUDIT REPORT.

3. ADDITIONAL CREDITS AND UNBLOCKINGS (FF 1,979,000).

DETAILED JUSTIFICATION FOR MISCELLANEOUS ASSORTMENT YET TO BE PROVIDED. PROPOSE TO DEFER ACTION ON THESE UNTIL DETAILS ARE STUDIED.

COMMENT. ADVANCE INFORMATION FROM CEOA FINANCE DIRECTOR (MORRIS) INDICATES REVISED CEOA ESTIMATE OF 1973 CEPS SHORTFALL IS FF 33.2 MILLION (UP FROM JUNE ESTIMATE OF FF 30.2 M

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To: STATE
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USCINCEUR VAIHINGEN GER
AMEMB PARIS
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